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House of Commons Debates

FOURTH SESSION—SIXTH PARLIAMENT.

SPEECHES OF HON. EDWARD BLAKE, M.P.,

ON

THE BALLOT COMMITTEE, &c.

THURSDAY, 20TH MARCH, 1890.

Mr. BLAKE. I confess I entirely shared the view of my hon. friend beside me (Mr. Laurier), when I saw the composition of this Committee as proposed. It is all very well to say that we are all equally interested, and all want to see fair play; but one thing one always has to consider about a machine is the character of the man who works it; and when you find that the Government of the country has taken into its hands the appointment of the returning officers, who in turn appoint the deputy returning officers, the poll clerks, and all the other officers who are to have the control and the handling of an election, then it is extremely important that the machinery placed in their hands should not be so pliable, or so excessively complicated, that it may give facilities for fraud still greater than those which pertain to the present system. I do not now recollect all the defects that were pointed out to me after the holding of the first election under the present system, but one I remember was, that the ballot papers were of such a thin and flimsy texture that it was impossible to mark them with the implements provided for that purpose without rendering it possible in the great majority of cases—and we know that in the great majority of cases a tolerably heavy hand is used—to perceive from the outside of the ballot paper, after it had been folded, the way in which the vote was marked. I agree with the view that, so long as you maintain the ballot system, it is of the last consequence, not merely that you should have security for secrecy, but that the mass of the voters should be persuaded that the ballot used is secret; because nothing is more common than to inform the voter that his vote can be found out, and that he must vote thus, and so, at the peril of his vote becoming known, notwithstanding the ballot. So I am informed. Therefore I agree that an arrangement under which, first of all, actual secrecy should be secured, and, secondly, under which that secrecy should be guaranteed, understandably by the mass of the voters and recognised and appreciated by them, would be very important. But, as I have said, we must take very great care that this machinery is not of such a pliable character as to be in danger of being put to the uses to which I have referred. The hon. gentleman is probably aware that, a few days ago, an investigation was held in the State of New York with reference to the election of a senator by a machine method which was supposed to work well, but which lent itself to most atrocious and widespread frauds. Therefore, it occurred to me that the suggestion made by the hon. gentleman, that this was a matter peculiar to the House itself, in which the Government did not wish to interfere—a suggestion which he sought to enforce by a committee composed of eight ministerial members and two Opposition members, with reference to machinery which was to be operated entirely by the hon. gentleman's friends—was a little "too thin." There was not a great deal of secrecy about that, whatever there might be in the new ballot. I am glad to know, therefore, that the hon. gentleman and his leader feel that the Committee cannot assume quite that complexion, and that a larger representation is due to this side of the House, considering that the character of the operators gives us of the Opposition the greatest interest in the character of the machinery to be adopted.

THE BANKING BILL.

Mr. BLAKE. I would suggest to the hon. gentleman that it would be convenient if he would provide us with a table, in plain and simple form, showing the details of the calculations of which he gave—what was very satisfactory in one way—the general result, but the details of which he did not give. I refer to the relation of the gross assets to the gross liabilities of the banks. It is quite clear that that teaches us nothing. You might as well say that you could decide as to the solvency of an individual by putting down on one side the assets and on the other the liabilities of all the members of his community, and striking a general balance. You would find that, although there might in the whole be a considerable margin of assets over liabilities, yet if you looked into the details there would be deficits in the case of some

and large amounts to the credit of others. For my own part, I am much more disposed to place reliance on that to which the hon. gentleman alluded in this regard, as the actual experience of banks which have gone under, and which, speaking generally, I think, quite justified his observations. I do not propose to say a word with reference to the details of the plan for the redemption of the notes, for the hon. gentleman has not entered into details, and there are some questions of detail which are rather important, but which, in the absence of details, it would be entirely premature to discuss. Nor do I intend to enter into the question of the working of the guarantee system, because that also requires very careful consideration as to details, and as to the exact liability which it would impose on the mass of the banks and as to the arrangement in case of a call. As to the audit system, I must say that I concur in every word the hon. member for South Oxford has uttered. I agree that if our present system of auditing is in any respect defective in theory, if it does not provide an adequate legislative recognition of the duty of the shareholders or the authorities to secure a proper audit, we ought to make such a legislative recognition. But with reference to most institutions which are engaged in enormous transactions in the lending of money, especially to those lending money on personal security, I hold that it is absolutely impossible for any auditor to make an audit which will indicate the real position of the bank. We know in our own experience that it is quite impossible. We in this House have had the most signal instances brought before us of banks which displayed the most flourishing statements, duly audited, before their shareholders, and in a very few weeks, or even days, it was found—without imputation of fraud on anyone—that those accounts were really nominal, and that enormous sums which were returned as good, turned out in the end to be of the most doubtful character. It is really of the greatest consequence, therefore, that we should not hold out to the public that we are giving them a security which we cannot give. I feel the importance of a proper audit, and I think that, if by any means we could, we should establish to some extent the independence of the auditor; and I will even go so far as to say that it would be worthy of the consideration of the House whether we could not provide some peculiar mark of our sense of the responsibility which any man assumes who undertakes the duty of auditing, as to the thoroughness and accuracy of the audit, by attaching to him a certain responsibility, which would of course involve a satisfactory remuneration. But, so long as the board of directors have the confidence of the shareholders, although the shareholders may, in name, appoint the auditor, after all we know that it is the board of directors who really name him, and, so long as that is the case, the auditors are very much exposed to the danger of doing their work perfunctorily, and of being guided, in matters which at all savor of questions of opinion, by the views of the manager of the institution and those who surround him. I was disappointed, I confess, to hear the hon. gentleman's statement with reference to the change he proposed to make as to the creation of smaller banks. As to the amount of capital to be paid in, if he is only going to ascertain, by the actual payment of cash that cash has been provided for the moment or for a brief space, to the amount of $250,000 instead of $200,000, that does not amount to very much, nor is it in the matter of the actuality of the payment extremely satisfactory. You cannot provide that without imposing a barrier, which, I do not suppose, you intend to impose. You cannot provide it by retaining for any long time the $250,000, because that is what the bank is built upon, and you must hand it back. It is evident, from our experience, that the system which has gone on will not, by any such arrangement as that, be stopped, though to some extent its operations may be restrained—the system, namely, of a bank, almost immediately after its formation, discounting the paper of its shareholders for an amount approximating to the amount of their subscriptions, and thus making the transaction a nominal one. Apart from this difficulty, which, I think, the hon. gentleman's proposition may to some limited extent prevent, I must say for myself that the experience of Ontario, so far as I can gather, with reference to the smaller banks, has not been favorable. I say so the more openly because I very well remember the discussion we had, a good many years ago, when the late Sir Francis Hincks was Finance Minister, when we had before us that whole question, and when a considerable effort was made to keep up the minimum capital for the establishment of banks. I was amongst those—in those days I was much younger than I am now—who moved by the unquestionable difficulties which the smaller centres of population then labored under, strenuously insisted upon a lower minimum. Those difficulties were due to a condition of things which has, to a considerable extent, disappeared. That condition was this: The number of the banks was much smaller, and the capital of the banks was also very much smaller than in these later days, and the indisposition of the banks to provide branches in the country was very much greater than it has since become; and it was a fact that very great difficulty was experienced, arising, in many instances, from the impossibility of obtaining local banking facilities in a good many thriving communities. It was thought necessary to give those facilities; but I must say that the experience of our Province has been that the smaller banks have not been on the whole a success. They have been, speaking generally, though with some exceptions, rather an element of danger than otherwise, and it has been proved that the present plethora of banking capital, and the widespread banking facilities, make it exceedingly difficult to conduct a profitable banking business with a bank, weak in the sense of its capital being small. Therefore, we ought to consider carefully, though not at all unfairly—I do not suggest any interference with any existing institutions—in the light of the experience of the past few years and of the existing condition of things as to the amount of banking capital which is available—the question whether it may not really be in the interest of the country, to discourage the establishment of banks with a minimum of capital so low as that which at present obtains. In expressing that change of opinion, I think it proper to assume the penitential stool, in view of my former attitude and of the position I now take on this question.

THE VALIQUETTE CASE.

Mr. BLAKE. With reference to the other return, regarding Valiquette, which the hon. gentleman brought down, I wish to call his attention to a letter which, it seems to me, indicates that the return ought to be supplemented. The following letter appears in the return from Antoine Valiquette to M. le Colonel Lamontagne :

"After having waited a long time, I see the necessity of having recourse to you with reference to a pension which was granted me by the Government on the decease of my son, Sergeant Prima Valiquette, who died in the North-West in the service of his country, on the 4th July, 1885. In the month of May that pension was granted to me, and a few days later I received a departmental letter from the office in Montreal, asking me to go there and draw the sum of $612.54. The same day Colonel Hughes came at my place, saying that he had been working in order to procure a pension for each child, and asked me for a power of attorney (which I gave him), authorising him to act in my name. Under this power of attorney he drew my money, and remitted to me one-half of the sum, that is $306, and some months afterwards, $130, and nothing more afterwards. I do not know when the next payment will come. Will you be good enough to conclude this affair, and tell me when the next payment will come, and the balance of the first payment. In doing so you would oblige a poor, sick old man who seeks protection."

That letter, put upon the Table of the House, leaves Colonel Hughes in a very painful position which has been altogether unexplained, and there is a later letter in a similar strain. I suppose there has been an enquiry.

Sir ADOLPHE CARON. I have ordered an enquiry.

Mr. BLAKE. It appears, so far, that Colonel Hughes had a power of attorney, that he received this amount and remitted the half of it, and held the remainder for some time, how long we know not. Will the hon. gentleman bring down a statement showing the regulations as to officers of the Government being allowed to act as attorneys. My impression is that there is a general regulation forbidding gentlemen in the public service to act as attorneys for public creditors. It is a wise regulation, as this case proves, if the statements made are correct.

SUPPLY—TRENT VALLEY CANAL.

Mr. BLAKE. I really think it is about time that this question of the canal should be settled. Certainly, as long ago as before the election of 1882, the hon. First Minister did make a promise in the town of Peterborough that the canal should be built. Certainly, for years after that time the Minister of Railways and Canals reiterated that promise, and time after time it was indicated that reports were being obtained as to what the cost would be ; and, if I remember aright, Mr. Rubidge was named as the officer from whom those reports were expected. Ultimately, an intimation was given, in the Railway Committee room, or somewhere else, to some large deputation which called on the Government to redeem its pledges—which had been very extensively used in a large number of the ridings bordering on the route of the projected canal—that the cost of the work was roughly estimated, I think, at the sum of $9,000,000. Another election came on, when I have no doubt further pressure was put upon the Government, and after the election of 1887, it seems that for the first time the Government took the step of appointing a commission. Their doing so at that time was, of course, an indication that they had neglected their duty up to that time. If they were going to make the building of the canal contingent on the commission giving a satisfactory statement of its cost, there should have been no such pledge as was given in 1882, and kept dangling before the eyes of the people for years afterwards. This commission has, I think, for nearly three years, had the matter in hand, and the hon. gentleman does not yet give an intimation when their report is expected. He says that somebody was ill and went to Europe, but that there is no hurry, because the work is going on all the time. But how do we know that it is work on the canal ? To do work of this kind piecemeal, if it is to be part of the great communication between the upper and the lower lakes, may be to do it in an extremely wasteful way. It may be that the work being done is adequate for the purpose of local communication, and yet it may be inadequate for the purpose of the large work if it ever comes to be accomplished. What I do say is that what was in a sense formally initiated as a pledged Government undertaking, as early as before the elections of 1882, ought not to be in the condition it is in to-day, nearly eight years later, namely, that for five or six years a step which the Government then declared to be essential, the formation of a commission, is delayed, and then the report of that commission is postponed for three or four years, and we do not know when it is to be obtained. I think the hon. gentleman ought to see this thing expedited ; the report should be obtained early and a decision reached ; and the people who are interested in this project, and who have been waiting for it and hanging on the hon. gentleman's words so many years, should be relieved in one way or another, by a determination either to proceed with the work or to abandon it.

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